

PHILIP MORRIS U.S.A.
INTER OFFICE CORRESPONDENCE
Richmond, Virginia

To: **Distribution**

Date: December 29, 1998

From: **Elizabeth Chambers** *EW*

Subject: **Minutes of the Massachusetts/Texas Compliance Meetings for September and October, 1998**

A meeting was held September 2, 1998 to review the testing for Massachusetts and the sampling and testing protocol for Texas. The following personnel were present: Charlene Callicutt, Liz Chambers, Dick Davis, Kevin Osborne, Ken Podraza, Brenda Strang, Jerry Whidby and Virginia Murphy via phone.

Massachusetts - Status

- Newly proposed Massachusetts regulations are not legally in affect. There will be a public hearing September 22, 1998. Philip Morris will file their comments.
- Completed testing on 49 brands for Massachusetts. Need to fill out reporting forms. Cover letter should be attached with all new issues (document changes following 1997 protocol) and these will be reviewed by legal. Track resources and possibly include in comments. Discussed reporting form for Texas.
- Research all procedural issues, small business impact versus large business impact. Could Texas possibly imitate Massachusetts on the constituent issue?
- Discussed reviewing of British Columbia regulations.

Lab Tech, Inc. - Plans

- Lab Tech can deliver comparable results. Will use them to evaluate some of the products, possibly Genco type cigarettes for tar, nicotine etc. An exclusivity clause was not included allowing other competitors to use them.

Texas Sampling Plan

- Area of concern was DSC to pull product and send to us or DSC to pull product and send to Pre-Con to send to us. Final decision was to obtain all product available from DSC. DSC personnel along with PM personnel would pull the cases, leave on premises and PM PTL personnel would observe and document all product being moved.
- Discussed labeling for packs and the information needed such as, date product was obtained, from where, and one label per pack.
- Installation of the Texas test definitions into the CQS database, no CO data needed for Texas.

Texas Test Plan

- A copy of the revised timeline is attached.
- A copy of the revised work instructions are attached.

Documentation

- Sampling for Texas to completed by end of September
- Mid November have data for Texas
- Forms for Massachusetts brands tested (delete "pH" of smoke, use puff by puff only).
- Forms to be used for calculated brands

Different form for:

most recent nicotine level as reported by FTC
most recent nicotine level as calculated

- Use standard practices for rounding
- Multiplier based on our results or industry results (will use industry results).

Validation of Methods

- All industries to discuss weak and strong points of the method, then use method and possibly test Kentucky Reference cigarettes for comparison data.

A meeting was held October 27, 1998 to discuss the preliminary draft form Re:1998 Annual Report of Philip Morris Incorporated-Nicotine Yield Rating Information. Those in attendance were C. Callicutt, L. Chamber, K. Podraza, and G. Murphy and C. Purcell via of telephone.

- There was a discussion of the CDC method (intended for smokeless product) versus the Coresta 35 Method.
- One or two places past the decimal point on Coresta Method - will use two.
- The % market share will be verified. Will ship Maxwell reports to us.
- Multiplier to be used will include the data from all industries including Labstat. Equations are not drastically different using industry data versus industry with Labstat data. Nicotine content may be slightly lower by one to two tenths when using industry data including Labstat. The maximum difference is 0.3 mg/cigt. An exhibit will be provided. It was decided to use individual forms rather than a table. Will cover how the multiplier was computed in the transmittal.
- Will use production assessment data for brands there are not in the FTC report. This includes five brands that were tested and eight brands calculated using the multiplier.
- Discussed puff by puff "pH" data. Explanation of the last puff data was given.

Will need to supply the legal department with:

- Exhibit on multiplier
- Summary of the puff by puff "pH" procedure.

Changes will be made to the annual report by the legal department and sent to PTL for their review and comments.

Attachments

Distribution:

C. Callicutt	V. Murphy
R. Cox	K. Osborne
D. Davis	J. Whidby
K. Podraza	Primary Central Files